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Committee on Economic and Monetary Affairs

2011/0300(COD)

11.6.2012

OPINION

of the Committee on Economic and Monetary Affairs

for the Committee on Industry, Research and Energy

on the proposal for a regulation of the European Parliament and of the Council
on guidelines for trans-European energy infrastructure and repealing Decision
No 1364/2006/EC
(COM(2011)0658 – C7-0371/2011 – 2011/0300(COD))

Rapporteur: Philippe Lamberts

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SHORT JUSTIFICATION

Your Rapporteur welcomes the guidelines for trans-European energy infrastructure proposed by the European Commission.

As stated by the Commission, this initiative identifies, for the period up to 2020 and beyond, a limited number of trans-European priority corridors and areas covering electricity and gas networks as well as oil and carbon dioxide transport infrastructure, for which European Union action is most warranted. It then aims at implementing these priorities by:

1. streamlining permit granting procedures to significantly reduce their duration for projects of common interest and increase public participation and acceptance for the implementation of such projects;
2. facilitating the regulatory treatment of projects of common interest in electricity and gas by allocating costs depending on the benefits provided and ensuring allowed returns are in line with risks incurred;
3. ensuring implementation of projects of common interest by providing necessary market-based and direct EU financial support. In this latter regard, the proposal provides the basis for eligibility of projects of common interest for EU financial assistance under the "Connecting Europe Facility", which is subject to a separate legislative proposal.

The amendments aim at specifying some concepts of the Regulation and to ensure more consistency with other EU pieces of legislation – notably those pertaining to environmental impact assessment and to the structural funds – as well as the EU2020 Strategy (since the latter pursue some intertwined climate and energy targets) and other relevant development scenarios such as those prompted in the Roadmap 2050.

Given the paucity of EU funds available to support the massive financial efforts required to implement the projects of common interest, the amendments tend to ensure that the private sector will assume its fair part in their financing.

Key to the Regulation is the cost-benefit analysis. Your Rapporteur suggests to flesh out the provisions laid down in the Annex describing the methodology by detailing further the indicators related to the costs and the benefits. Since the time frame to implement the projects and their expected lifetime is very long, the discount rates applied in the calculation of these parameters are of pivotal importance. Therefore, it is suggested that the Commission release regularly the discount rates that will have to be taken into account. Furthermore, to mirror the specific externalities attached to each project, a risk premium set by the project promoters in consultation with the relevant stakeholders will be added to the discount rates. Such a way to proceed will provide the relevant stakeholders, especially the citizens in the surroundings of the projects, with an incentive to take part in the discussion.

Prior to submitting their respective methodology for a harmonised energy system-wide cost-benefit analysis at Union-wide level, both ENTSO for Electricity and for Gas will have to take into account the contribution made to them by the European Environmental Agency and the European Observation Network for Territorial Development and Cohesion. Hereby, upstream from the methodology, parameters related to environmental and spatial planning will be internalised.

The content of the report that the project promoters is extended so as to include information such as the contribution of the structural funds to the implementation of the project and a track record of the costs incurred with respect to their initial estimation.

If the actual costs exceed by 20 % the estimated costs, the Commission will have the opportunity to remove the project concerned from the list of eligible projects.

Your Rapporteur considers that being listed in the ten-year network development plan should not be a condition for a project to qualify as “of common interest”.

AMENDMENTS

The Committee on Economic and Monetary Affairs calls on the Committee on Industry, Research and Energy, as the committee responsible, to incorporate the following amendments in its report:

Amendment 1 Proposal for a regulation Recital 6

Text proposed by the Commission

(6) Accelerating the refurbishment of existing and deployment of new energy infrastructure is vital to achieve the Union's energy and climate policy objectives, consisting in completing the internal market in energy, guaranteeing security of supply, notably for gas and oil, reducing greenhouse gas emissions by 20%, increasing the share of renewable energy in the final energy consumption to 20% and achieving a 20% increase in energy efficiency by 2020. At the same time, the Union has to prepare its infrastructure for further decarbonisation of its energy system in the longer term towards 2050.

Amendment

(6) Accelerating the refurbishment of existing and deployment of new energy infrastructure is vital to achieve the Union's energy and climate policy objectives, consisting in completing the internal market in energy, guaranteeing security of supply, notably for gas and oil, reducing greenhouse gas emissions by 20%, increasing the share of renewable energy in the final energy consumption to 20% and achieving a 20% increase in energy efficiency by 2020. At the same time, the Union has to prepare its infrastructure for further decarbonisation of its energy system in the longer term towards 2050, ***and within the same time-frame to prepare it for connecting regions which have high renewable energy production capacity and electricity storage potential.***

Amendment 2

Proposal for a regulation
Recital 11

Text proposed by the Commission

(11) The investment needs up to 2020 in electricity and gas transmission infrastructures of European relevance have been estimated at about EUR 200 billion. The significant increase in investment volumes compared to past trends and the urgency to implement the energy infrastructure priorities requires a new approach in the way energy infrastructures, and notably those of cross-border nature, are regulated and financed.

Amendment

(11) The investment needs up to 2020 in electricity and gas transmission infrastructures of European relevance have been estimated at about EUR 200 billion. The significant increase in investment volumes compared to past trends, ***as a result of the faster and more comprehensive development of renewable energy sources and the efforts to achieve, by 2020, the Union objectives of reducing greenhouse gas emissions by 20 %, improving energy efficiency by 20 % and increasing the share of energy consumption accounted for by renewable energy sources by 20 %,*** and the urgency to implement the energy infrastructure priorities requires a new approach in the way energy infrastructures, and notably those of cross-border nature, are regulated and financed

Amendment 3
Proposal for a regulation
Recital 14 a (new)

Text proposed by the Commission

Amendment

(14a) As part of a trans-European energy infrastructure system, energy storage facilities and liquid natural gas (LNG) and compressed natural gas (CNG) plants should play an important role in guaranteeing supply through the distribution of stored energy. Accordingly, the rapid development of energy storage plants is an important component of a functioning network infrastructure.

Competition in respect of the construction and operation of hydro-pumped electricity storage projects or energy storage plants should not be hampered by the charging

of network tariffs which treat these plants as final consumers.

Amendment 4
Proposal for a regulation
Recital 20

Text proposed by the Commission

(20) Projects of common interest should be given "priority status" at national level to ensure rapid administrative treatment. Projects of common interest shall be considered by competent authorities as being in public interest. Authorisation should be given to projects which have an adverse impact on the environment, for reasons of overriding public interest, when all the conditions provided for under Directives 92/43/EC and 2000/60/EC are met.

Amendment

(20) Projects of common interest should be given "priority status" at national level to ensure rapid administrative treatment. ***Regional or national projects may also be given priority status if this serves to guarantee the integration of renewable energy sources and safeguard competition. This also includes projects involving third countries (e.g. Switzerland).*** Projects of common interest shall be considered by competent authorities as being in public interest. Authorisation should be given to projects which have an adverse impact on the environment, for reasons of overriding public interest, when all the conditions provided for under Directives 92/43/EC and 2000/60/EC are met.

Amendment 5
Proposal for a regulation
Recital 21

Text proposed by the Commission

(21) The establishment of a single competent authority at national level integrating or coordinating all permit granting procedures ("one-stop shop") should reduce complexity, increase efficiency and transparency and help enhance cooperation among Member States.

Amendment

(21) The establishment of a single competent authority at national level integrating or coordinating all permit granting procedures ("one-stop shop") should reduce complexity, increase efficiency and transparency and help enhance cooperation among Member States. ***However, the establishment of such an authority should not increase the expense to the taxpayer, and it should be established by reallocating existing***

resources.

Amendment 6
Proposal for a regulation
Recital 29

Text proposed by the Commission

(29) The European Energy Programme for Recovery (EEPR) has demonstrated the added value of leveraging private funding through significant Union financial aid to allow implementation of projects of European significance. The European Council of 4 February 2011 recognised that some energy infrastructure projects may require limited public finance to leverage private funding. In the light of the economic and financial crisis and budgetary constraints, targeted support, through grants and financial instruments, should be developed under the next multi-annual financial framework, which will attract new investors into the energy infrastructure priority corridors and areas, while keeping the budgetary contribution of the Union to a minimum.

Amendment

(29) The European Energy Programme for Recovery (EEPR) has demonstrated the added value of leveraging private funding through significant Union financial aid to allow implementation of projects of European significance. The European Council of 4 February 2011 recognised that some energy infrastructure projects may require limited public finance to leverage private funding. In the light of the economic and financial crisis and budgetary constraints, targeted support, through grants and financial instruments, should be developed under the next multi-annual financial framework, which will attract new investors into the energy infrastructure priority corridors and areas, while keeping the budgetary contribution of the Union to a minimum. ***The relevant measures should draw on the experience gained during the pilot phase following the introduction of project bonds to finance infrastructure projects.***

Amendment 7
Proposal for a regulation
Recital 30

Text proposed by the Commission

(30) Projects of common interest in the fields of electricity, gas and carbon dioxide should be eligible to receive Union financial assistance for studies and, under certain conditions, for works under the proposed Regulation for a Connecting Europe Facility (CEF Regulation), either in the form of grants or in the form of

Amendment

(30) Projects of common interest in the fields of electricity, gas and carbon dioxide should be eligible to receive Union financial assistance for studies and, under certain conditions, for works under the proposed Regulation for a Connecting Europe Facility (CEF Regulation), either in the form of grants or in the form of

innovative financial instruments. This will ensure tailor-made support can be provided to those projects of common interest which are not viable under the existing regulatory framework and market conditions. Such financial assistance should ensure the necessary synergies with funding from instruments under other Union policies. In particular, the Connecting Europe Facility will finance energy infrastructure of European relevance, while Structural Funds will finance smart energy distribution networks of local or regional importance. The two sources of funding will thereby complement each other.

innovative financial instruments. This will ensure tailor-made support can be provided to those projects of common interest which are not viable under the existing regulatory framework and market conditions. ***The avoidance of any distortion of competition, in particular between projects contributing to the achievement of the same Union priority corridor, should be duly taken into account.*** Such financial assistance should ensure the necessary synergies with funding from instruments under other Union policies. In particular, the Connecting Europe Facility will finance energy infrastructure of European relevance, while Structural Funds will finance smart energy distribution networks of local or regional importance. The two sources of funding will thereby complement each other.

Amendment 8
Proposal for a regulation
Recital 30 a (new)

Text proposed by the Commission

Amendment

(30a) In the current climate of economic crisis, the wide credit rating disparity between Member States and investors could lead to imbalances and major obstacles to project funding. The contribution of Union funding to overcoming these imbalances is of central importance in ensuring that the realisation of infrastructure projects helping to achieve the objectives of this Regulation is not compromised – particularly in view of the fact that the lion’s share of the necessary funding for energy infrastructure over the coming decade will be provided by the private sector.

Amendment 9
Proposal for a regulation

Recital 32 a (new)

Text proposed by the Commission

Amendment

(32a) When the Council and the Commission assess whether sufficient progress has been made towards meeting the medium-term budgetary objective and in so doing examine the growth curve of government expenditure, the expenditure aggregate should exclude interest expenditure, expenditure on Union programmes fully covered by Union funds revenue and non-discretionary changes in unemployment benefit expenditure as laid down in Article 5 of Council Regulation (EC) No 1466/97 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies¹.

¹OJ L 209, 2.8.1997, p. 1

Amendment 10

Proposal for a regulation

Article 1 – paragraph 2 a (new)

Text proposed by the Commission

Amendment

2a. This Regulation is without prejudice to

– Council Directive 85/337/EEC of 27 June 1985 on the assessment of the effects of certain public and private projects on the environment¹;

– Directive 2001/42/EC of the European Parliament and of the Council of 27 June 2001 on the assessment of the effects of certain plans and programmes on the environment²;

– Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water

*policy*³;

– *Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora*⁴;

– *Directive 2009/147/EC of the European Parliament and of the Council of 30 November 2009 on the conservation of wild birds*⁵;

– *the Aarhus Convention*; and

– *the Espoo Convention*.

¹ *OJ L 175, 5.7.1985, p. 40*

² *OJ L 197, 21.7.2001, p. 30.*

³ *OJ L 327, 22.12.2000, p. 1.*

⁴ *OJ L 206, 22.7.1992, p. 7.*

⁵ *OJ L 20, 26.1.2010, p. 7.*

Justification

This amendment specifies that other EU legislations will apply nonetheless.

Amendment 11 **Proposal for a regulation** **Article 3 – paragraph 1**

Text proposed by the Commission

1. The Commission shall establish a Union-wide list of projects of common interest. The list shall be reviewed and updated *as necessary* every two years. The first list shall be adopted by 31 July 2013 at the latest.

Amendment

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Amendment 12 **Proposal for a regulation** **Article 3 – paragraph 1**

Text proposed by the Commission

1. The Commission shall establish a

Amendment

1. The Commission, *in consultation with*

Union-wide list of projects of common interest. The list shall be reviewed and updated as necessary every two years. The first list shall be adopted by 31 July 2013 at the latest.

the Member States, shall establish a Union-wide list of projects of common interest. The list shall be reviewed and updated as necessary every two years. The first list shall be adopted by 31 July 2013 at the latest.

Justification

This should be a consultative process at all stages.

Amendment 13 **Proposal for a regulation** **Article 3 – paragraph 3**

Text proposed by the Commission

3. Each Group shall draw up its proposed list of projects of common interest according to the process set out in section 2 of Annex III, according to the contribution of each project to implementing the energy infrastructure priority corridors and areas set out in Annex I and according to their fulfilment of the criteria set out in Article 4. Each individual proposal for a project shall require the approval of the Member State(s), to the territory of which the project relates.

Amendment

3. Each Group shall draw up its proposed list of projects of common interest according to the process set out in section 2 of Annex III, according to the contribution of each project to implementing the energy infrastructure priority corridors and areas set out in Annex I and according to their fulfilment of the criteria set out in Article 4. ***The Groups shall adopt the proposed list by simple majority of their members.*** Each individual proposal for a project shall require the approval of the Member State(s), to the territory of which the project relates.

Amendment 14 **Proposal for a regulation** **Article 4 – paragraph 1 – point b**

Text proposed by the Commission

(b) the project ***displays*** economic, social and environmental ***viability***; and

Amendment

(b) the project ***is viable according to*** economic, social and environmental ***criteria***; and

Amendment 15 **Proposal for a regulation**

Article 4 – paragraph 1 – point c a (new)

Text proposed by the Commission

Amendment

(ca) the project integrates and is consistent with the objectives of the Treaty on the Functioning of the European Union and specifically with Articles 170 and 171;

Amendment 16

Proposal for a regulation

Article 4 – paragraph 2 – point a – indent 1

Text proposed by the Commission

Amendment

– market integration, competition and system flexibility;

– market integration, ***inter alia through alleviating the effects of the isolation of regions in the Union;*** competition and system flexibility;

Amendment 17

Proposal for a regulation

Article 4 – paragraph 2 – point a – indent 3

Text proposed by the Commission

Amendment

– interoperability and secure system operation;

– ***security of supply, inter alia through*** interoperability and secure system operation;

Amendment 18

Proposal for a regulation

Article 4 – paragraph 2 – point a – indent 3 a (new)

Text proposed by the Commission

Amendment

– ***high renewable energy production capacity and storage potential;***

Amendment 19

Proposal for a regulation

Article 4 – paragraph 2 – point b – indent 1

Text proposed by the Commission

– market integration, interoperability and system flexibility;

Amendment

– market integration, ***inter alia through alleviating the effects of the isolation of regions in the Union***; interoperability and system flexibility;

Amendment 20
Proposal for a regulation
Article 4 – paragraph 4

Text proposed by the Commission

4. When ranking projects contributing to the implementation of the same priority, due consideration shall also be given to the urgency of each proposed project in order to meet the energy policy targets of market integration and competition, sustainability and security of supply, the number of Member States affected by each project, and its complementarity with regard to other proposed projects. For projects falling under the category set out in point 1(e) of Annex II, due consideration shall also be given to the number of users affected by the project, the annual energy consumption and the share of generation from non dispatchable resources in the area covered by these users.

Amendment

4. When ranking projects contributing to the implementation of the same priority, due consideration shall also be given to the urgency of each proposed project in order to meet the energy policy targets of market integration and competition, sustainability and security of supply, ***system flexibility and robustness, the cost-effective value-added benefit of the project in terms of jobs and the*** number of Member States affected by each project, and its complementarity with regard to other proposed projects ***as well as its potential for enhancing innovation. The indicators referred to in point 5 of Annex V allowing for a cost-benefit analysis of the project shall be taken into account. To this end, these indicators can be set out in a harmonised framework established by the Commission.*** For projects falling under the category set out in point 1(e) of Annex II, due consideration shall also be given to the number of users affected by the project, the annual energy consumption and the share of generation from non dispatchable resources in the area covered by these users.

Amendment 21
Proposal for a regulation
Article 4 – paragraph 4 a (new)

Text proposed by the Commission

Amendment

4a. Projects involving at least one Member State experiencing or threatened with serious difficulties with respect to their financial stability and/or that have requested or are in receipt of financial assistance under Regulation (EU) No .../2012 shall be awarded top priority status when projects of common interest are ranked.

Amendment 22
Proposal for a regulation
Article 5 – paragraph 2

Text proposed by the Commission

Amendment

2. The Agency and the Groups shall monitor the progress achieved in implementing the projects of common interest. The Groups may request additional information provided in accordance with paragraphs 3, 4 and 5, verify the provided information on site and convene meetings with the relevant parties. The Groups may also request the Agency to take measures to facilitate the implementation of projects of common interest.

2. The Agency and the Groups shall monitor the progress achieved in implementing the projects of common interest. The Groups may request additional information provided in accordance with paragraphs 3, 4 and 5, verify the provided information on site and convene meetings with the relevant parties. The Groups may also request the Agency to take measures to facilitate the implementation of projects of common interest. ***Any decision by the Groups to send the request shall be taken by simple majority of their members.***

Amendment 23
Proposal for a regulation
Article 5 – paragraph 3 – point b a (new)

Text proposed by the Commission

Amendment

(ba) a breakdown of costs incurred to date and current forecasts of future costs estimated to be incurred by the project, accompanied by an analysis and description of how such costs compare to those estimated in the initial

implementation plan;

Amendment 24

Proposal for a regulation

Article 5 – paragraph 3 – point b b (new)

Text proposed by the Commission

Amendment

(bb) the contribution of structural funds and other Union funds to the project, including investments or guarantees from the European Investment Bank;

Amendment 25

Proposal for a regulation

Article 5 – paragraph 7 – point b

Text proposed by the Commission

Amendment

(b) The project is no longer included in the ten-year network development plan;

deleted

Justification

Being listed in the ten-year network development plan should not be a condition for a project to be of common interest. Otherwise, the potential projects that bring significant European added value but that do not interest (at least one of) the Member States concerned would never been implemented.

Amendment 26

Proposal for a regulation

Article 5 – paragraph 7 – subparagraph 1 – point d a (new)

Text proposed by the Commission

Amendment

(da) The costs incurred exceed by 30% the costs estimated in the implementation plan for the same period, unless such cost over-run can be duly justified by reasons outside the reasonable control of the project managers.

Amendment 27

Proposal for a regulation

Article 5 – paragraph 7 a (new)

Text proposed by the Commission

Amendment

7a. The Commission shall submit a yearly report to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the basis of information related to paragraphs 2 to 7.

Amendment 28

Proposal for a regulation

Article 8 – paragraph 4 – subparagraph 1

Text proposed by the Commission

Amendment

4. With the objective of meeting the time limits set out in Article 11 and reducing the administrative burden for the completion of projects of common interest, Member States shall, within nine months from the entry into force of this Regulation, take measures to streamline the environmental assessment procedures. These measures shall be without prejudice to obligations resulting from Union legislation.

4. With the objective of meeting the time limits set out in Article 11 and reducing the administrative burden for the completion of projects of common interest, Member States shall, within nine months from the entry into force of this Regulation, take ***binding*** measures to streamline the environmental assessment procedures. These measures shall be without prejudice to obligations resulting from Union legislation.

Amendment 29

Proposal for a regulation

Article 8 – paragraph 4 – subparagraph 2

Text proposed by the Commission

Amendment

The Commission shall, within three months of the entry into force of this Regulation, issue guidance to support Member States in defining adequate measures and to ensure the coherent application of environmental assessment procedures required under EU legislation

The Commission shall, within three months of the entry into force of this Regulation, issue guidance to support Member States in defining adequate ***binding*** measures and to ensure the coherent application of environmental assessment procedures required under EU

for projects of common interest.

legislation for projects of common interest.

Amendment 30

Proposal for a regulation

Article 12 – paragraph 1

Text proposed by the Commission

1. Within one month of the entry into force of this Regulation, the ENTSO for Electricity and the ENTSO for Gas shall submit to the Agency and the Commission their respective methodology, including on network and market modelling, for a harmonised energy system-wide cost-benefit analysis at Union-wide level for projects of common interest falling under the categories set out in points 1(a) to (d) and 2 of Annex II. The methodology shall be elaborated in line with the principles laid down in Annex V.

Amendment

1. Within one month of the entry into force of this Regulation, the ENTSO for Electricity and the ENTSO for Gas, ***after consultation with the European Environment Agency (EEA) and the European Observation Network for Territorial Development and Cohesion (ESPON)***, shall submit to the Agency and the Commission their respective methodology, including on network and market modelling, for a harmonised energy system-wide cost-benefit analysis at Union-wide level for projects of common interest falling under the categories set out in points 1(a) to (d) and 2 of Annex II. The methodology shall be elaborated in line with the principles laid down in Annex V.

Amendment 31

Proposal for a regulation

Article 12 – paragraph 1

Text proposed by the Commission

1. Within one month of the entry into force of this Regulation, the ENTSO for Electricity and the ENTSO for Gas shall submit to the Agency and the Commission their respective methodology, including on network and market modelling, for a harmonised energy system-wide cost-benefit analysis at Union-wide level for projects of common interest falling under the categories set out in points 1(a) to (d) and 2 of Annex II. The methodology shall be elaborated in line with the principles

Amendment

1. Within one month of the entry into force of this Regulation, the ENTSO for Electricity and the ENTSO for Gas shall submit to the Agency and the Commission their respective methodology, including on network and market modelling, for a harmonised energy system-wide cost-benefit analysis at Union-wide level ***in relevant development scenarios*** for projects of common interest falling under the categories set out in points 1(a) to (d) and 2 of Annex II. The methodology shall be elaborated in line with the principles

laid down in Annex V.

laid down in Annex V.

Amendment 32

Proposal for a regulation

Article 12 – paragraph 7

Text proposed by the Commission

7. The methodology shall be applied to the cost-benefit analysis under all subsequent ten-year network development plans for electricity or gas developed by the ENTSOs for Electricity or Gas pursuant Article 8 of Regulation (EC) 714/2009 and Regulation (EC) 715/2009.

Amendment

7. The methodology shall be applied to the cost-benefit analysis under all subsequent ten-year network development plans for electricity or gas developed by the ENTSOs for Electricity or Gas pursuant Article 8 of Regulation (EC) 714/2009 and Regulation (EC) 715/2009, ***and the main results of the cost-benefit analysis in relevant scenarios must be included in the consultation process and final reporting of the ten-year network development plans.***

Amendment 33

Proposal for a regulation

Article 13 – paragraph 1 – subparagraph 1

Text proposed by the Commission

1. The investment costs related to a project of common interest falling under the categories set out in points 1(a) to ***(d)*** and 2 of Annex II shall be borne by the transmission system operator(s) of the Member State(s) to which the project provides a net positive impact, and be paid for by network users through tariffs for network access.

Amendment

1. The investment costs related to a project of common interest falling under the categories set out in points 1(a) to ***(e)*** and 2 of Annex II shall be borne by the transmission system operator(s) of the Member State(s) to which the project provides a net positive impact, and be paid for by network users through tariffs for network access.

Amendment 34

Proposal for a regulation

Article 13 – paragraph 4 – introductory part

Text proposed by the Commission

The promoter(s) of a project of common interest falling under the categories set out in points 1(a) to **(d)** and 2 of Annex II shall keep all concerned national regulatory authorities regularly informed of the progress of that project and the identification of costs and impacts associated with it. As soon as a project of common interest selected pursuant to Article 3 and falling under the categories set out in points 1(a) to **(d)** and 2 of Annex II has reached sufficient maturity, the project promoter shall submit an investment request including a cross-border cost allocation, to the relevant national regulatory authorities, accompanied by the following:

Amendment

The promoter(s) of a project of common interest falling under the categories set out in points 1(a) to **(e)** and 2 of Annex II shall keep all concerned national regulatory authorities regularly informed of the progress of that project and the identification of costs and impacts associated with it. As soon as a project of common interest selected pursuant to Article 3 and falling under the categories set out in points 1(a) to **(e)** and 2 of Annex II has reached sufficient maturity, the project promoter shall submit an investment request including a cross-border cost allocation, to the relevant national regulatory authorities, accompanied by the following:

Amendment 35

Proposal for a regulation

Article 13 – paragraph 5 – subparagraph 2

Text proposed by the Commission

In deciding to allocate costs across borders, the economic, ***social and environmental*** costs and benefits of the project(s) in the Member States concerned and the possible need for financial support shall be taken into account.

Amendment

In deciding to allocate costs across borders, the economic costs and benefits of the project(s) in the Member States concerned and the possible need for financial support shall be taken into account.

Amendment 36

Proposal for a regulation

Article 13 – paragraph 5 – subparagraph 2 a (new)

Text proposed by the Commission

Amendment

Where project costs are included in network tariffs, revenue from pricing congestion on transmission lines included in the project shall be deducted from network tariffs. In allocating the revenue from pricing congestion to different transmission tariffs, the same proportions shall be used as for the allocation of costs.

Justification This can simplify the discussion of cost sharing agreement between project proponents, because it ensures that a significant part of the benefits are shared in proportion to the costs. This addresses the concern of national regulators about potentially imposing costs on their consumers that might benefit foreign consumers.

Amendment 37

Proposal for a regulation

Article 14 – paragraph 1

Text proposed by the Commission

Amendment

1. Where a project promoter incurs higher risks for the development, construction, operation or maintenance of a project of common interest falling under the categories set out in points 1 and 2 of Annex II, except for hydro-pumped electricity storage projects, compared to the risks normally incurred by a comparable infrastructure project, and where such risks are not covered under an exemption pursuant to Article 36 of Directive 2009/73/EC or Article 17 of Regulation (EC) No 714/2009, national regulatory authorities shall ensure that appropriate incentives are granted to that project when applying Article 37(8) of Directive 2009/72/EC, Article 41(8) of Directive 2009/73/EC, Article 14 of Regulation (EC) No 714/2009, and Article 13 of Regulation (EC) No 715/2009.

1. Where a project promoter incurs higher risks for the development, construction, operation or maintenance of a project of common interest falling under the categories set out in points 1 and 2 of Annex II, except for hydro-pumped electricity storage projects, ***gas storage facilities and LNG plants***, compared to the risks normally incurred by a comparable infrastructure project, and where such risks are not covered under an exemption pursuant to Article 36 of Directive 2009/73/EC or Article 17 of Regulation (EC) No 714/2009, national regulatory authorities shall ensure that appropriate incentives are granted to that project when applying Article 37(8) of Directive 2009/72/EC, Article 41(8) of Directive 2009/73/EC, Article 14 of Regulation (EC) No 714/2009, and Article 13 of Regulation

(EC) No 715/2009.

In connection with the payment of network charges, hydro-pumped electricity storage projects, gas storage facilities and LNG plants shall not be treated as end consumers, in order not to jeopardise their competitiveness.

Amendment 38

Proposal for a regulation Article 14 – paragraph 2

Text proposed by the Commission

2. The decision of the national regulatory authorities for granting such incentives shall consider the results of the cost-benefit analysis on the basis of the methodology elaborated pursuant to Article 12 and in particular the regional or Union-wide positive externalities generated by the project. The national regulatory authorities shall further analyse the specific risks incurred by the project promoter(s), the risk mitigation measures taken and the justification of this risk profile in view of the net positive impact provided by the project, when compared to a lower-risk alternative. Eligible risks shall notably include risks related to new transmission technologies, both onshore and offshore, ***risks related to under-recovery of costs*** and development risks.

Amendment

2. The decision of the national regulatory authorities for granting such incentives shall consider the results of the cost-benefit analysis on the basis of the methodology elaborated pursuant to Article 12 and in particular the regional or Union-wide positive externalities generated by the project. The national regulatory authorities shall further analyse the specific risks incurred by the project promoter(s), the risk mitigation measures taken and the justification of this risk profile in view of the net positive impact provided by the project, when compared to a lower-risk alternative. Eligible risks shall notably include risks related to new transmission technologies, both onshore and offshore, and development risks.

Justification

For transmission projects constructed as part of the regulatory asset base, national regulators and EU frameworks ensure appropriate remuneration and thus avoid the risk related to under-recovery of costs; otherwise it could provide a costly guarantee for merchant transmission lines. Where this is seen as not credible, the objective of policy makers should be to address such concerns by strengthening the credibility rather than offering higher returns so as to limit costs to consumers.

Amendment 39

Proposal for a regulation

Article 14 – paragraph 3 – point c

Text proposed by the Commission

(c) rules for providing additional return on the capital invested for the project; or

Amendment

(c) rules for providing additional return ***or addressing risks*** on the capital invested for the project; or

Justification

If best practice regulatory approaches are shared and further developed and risk factors not under the control of investors are addressed, this could both make investment in transmission infrastructure more attractive to a wider set of actors and reduce the returns that need to be offered to attract such investments.

Amendment 40

Proposal for a regulation

Article 14 – paragraph 3 – point c a (new)

Text proposed by the Commission

Amendment

(ca) guidelines based on best practices in the evaluation of risks related to the capital invested for the project; or

Amendment 41

Proposal for a regulation

Article 14 – paragraph 6

Text proposed by the Commission

6. The Commission ***may*** issue guidelines regarding the incentives laid down in this Article in accordance with Article 18(1) to (3) of Regulation (EC) No 714/2009 and Article 23 (1) of Regulation (EC) No 715/2009.

Amendment

6. The Commission ***shall*** issue guidelines regarding the incentives laid down in this Article in accordance with Article 18(1) to (3) of Regulation (EC) No 714/2009 and Article 23 (1) of Regulation (EC) No 715/2009. ***In that connection, particular account shall be taken of the rules governing additional return on capital laid down in paragraph 3(c) of this Article.***

Amendment 42
Proposal for a regulation
Article 15 – paragraph 1

Text proposed by the Commission

1. Projects of common interest falling under the categories set out in points 1, 2 and 4 of Annex II are eligible for Union financial support in the form of grants for studies and financial instruments in accordance with the provisions of [Regulation of the European Parliament and the Council establishing the Connecting Europe Facility].

Amendment

1. Projects of common interest falling under the categories set out in points 1, 2 and 4 of Annex II are eligible for Union financial support in the form of grants for studies and financial instruments in accordance with the provisions of Regulation (EU) No .../... of the European Parliament and the Council establishing the Connecting Europe Facility, ***taking into consideration:***

- the need to avoid any distortion of competition, in particular between projects contributing to the achievement of the same Union priority corridor;

- the fact that private financing, or financing by the economic operators concerned, will be the main source of financing.

The choice of financial instruments shall be determined by the nature of the projects. Not every form of financing shall necessarily be applicable to every project.

Amendment 43
Proposal for a regulation
Article 15 – paragraph 2 – introductory part

Text proposed by the Commission

2. Projects of common interest falling under the categories set out in points 1(a) to (d) and 2 of Annex II, except for hydro-pumped electricity storage projects, shall be also eligible for Union financial support in the form of grants for works in accordance with the provisions of [Regulation of the European Parliament and the Council establishing the Connecting Europe Facility], if they are

Amendment

2. Projects of common interest falling under the categories set out in points 1(a) to (e) and 2 of Annex II, except for hydro-pumped electricity storage projects, shall be also eligible for Union financial support in the form of grants for works in accordance with the provisions of [Regulation of the European Parliament and the Council establishing the Connecting Europe Facility], if they are

carried out according to the procedure referred to in paragraph 6(b) of Article 5 or if they fulfil the following criteria:

carried out according to the procedure referred to in paragraph 6(b) of Article 5 or if they fulfil the following criteria:

Justification

It makes sense that all energy – in that case: electricity – infrastructure priorities are eligible for Union financial support, thus including projects related to the establishment of smart grids.

Amendment 44 **Proposal for a regulation** **Article 15 – paragraph 2 – point b**

Text proposed by the Commission

(b) the project is commercially not viable according to the business plan and other assessments carried out, notably by possible investors or creditors. The decision on incentives and its justification referred to in paragraph 3 of Article 14 shall be taken into account when assessing the project's commercial viability; **and**

Amendment

(b) the project is commercially not viable according to the business plan and other assessments carried out, notably by possible investors or creditors. The decision on incentives and its justification referred to in paragraph 3 of Article 14 shall be taken into account when assessing the project's commercial viability; ***or the project promoter can clearly demonstrate that there are disproportionately high financing costs or inability to access market financing due to exceptional financial and economic difficulties facing the Member State or Member States where the whole or part of the project of common interest is to be implemented; and***

Amendment 45 **Proposal for a regulation** **Chapter V a (new)**

Text proposed by the Commission

Amendment

Chapter Va – Fast-track procedure in Member States experiencing or threatened with serious difficulties

Amendment 46

Proposal for a regulation
Article 15 a (new)

Text proposed by the Commission

Amendment

Article 15a

Energy infrastructures as part of macro-economic adjustment programmes

1. The technical assistance provided by the Commission to Member States experiencing or threatened with serious difficulties with respect to their financial stability and/or that have requested or are in receipt of financial assistance under Regulation (EU) No .../2012 shall include a consultation of their national competent authorities and the project promoters concerned in order to:

a) speed up the implementation of projects of common interest set out in the list specified in Article 3 in accordance with the urgency criteria set out in Article 4(4);

b) explore all available means to ease financing conditions for the various stakeholders involved.

2. In order to apply point (a) of paragraph 1, the time periods laid down in Articles 10(3), 11, 13(5) and 13(6) may be shortened.

3. The public participation of the relevant stakeholders shall not be weakened by a tighter time-frame.

Amendment 47

Proposal for a regulation
Article 16 – point a a (new)

Text proposed by the Commission

Amendment

(aa) the contribution of the projects of common interest to the achievement of the Union strategy for growth and jobs;

Amendment 48

Proposal for a regulation Article 16 – point b

Text proposed by the Commission

(b) the funds engaged and disbursed by the Union for projects of common interest in accordance with the provisions of [Regulation of the European Parliament and the Council establishing the Connecting Europe Facility], compared to the total value of funded projects of common interest;

Amendment

(b) the funds engaged and disbursed by the Union for projects of common interest in accordance with, ***on the one hand***, the provisions of [Regulation (EU) No .../... of the European Parliament and the Council establishing the Connecting Europe Facility] ***and, on the other hand, the structural funds***, compared to the total value of funded projects of common interest;

Amendment 49

Proposal for a regulation Annex 1 – part 1 – point 3 – paragraph 1

Text proposed by the Commission

(3) North-South electricity interconnections in Central Eastern and South Eastern Europe (‘NSI East Electricity’): interconnections and internal lines in North-South and East-West directions to complete the internal market and integrate generation from renewable energy sources.

Amendment

(3) North-South electricity interconnections in Central Eastern and South Eastern Europe (‘NSI East Electricity’): interconnections and internal lines in North-South and East-West directions to complete the internal market, ***to end the isolation of Island Electrical Systems*** and integrate generation from renewable energy sources.

Amendment 50

Proposal for a regulation Annex 1 – part 2 – point 2 – introductory part

Text proposed by the Commission

(2) North-South gas interconnections in Central Eastern and South Eastern Europe (‘NSI East Gas’): regional gas connections between the Baltic Sea region, the Adriatic and Aegean Seas ***and*** the Black Sea, notably to enhance diversification and

Amendment

(2) North-South gas interconnections in Central Eastern and South Eastern Europe (‘NSI East Gas’): regional gas connections between the Baltic Sea region, the Adriatic and Aegean Seas, the Black Sea ***and the Eastern Mediterranean Basin***, notably to

security of gas supply;

enhance diversification and security of gas supply;

Amendment 51

Proposal for a regulation

Annex 1 – part 4 – point 11 – paragraph 1

Text proposed by the Commission

(11) Electricity highways: first electricity highways by 2020, in view of building an electricity highways system across the Union;

Amendment

(11) Electricity highways: first electricity highways by 2020, in view of building an electricity highways system across the Union, ***especially connecting regions which have high renewable energy production capacity and storage potential;***

Amendment 52

Proposal for a regulation

Annex III – section 2 – point 1 a (new)

Text proposed by the Commission

Amendment

(1a) Each potential project manager may submit to the respective Group an assessment of its project(s) with regard to the contribution to implementing the priorities set out in Annex I, the fulfilment of the relevant criteria defined in Article 6, and any other relevant information for the evaluation of the project(s), and if the project(s) fulfil the criteria laid down in Article 4, Annex II, and Annex III, the respective Group must within a period of 6 months deliver a reasoned opinion on the project(s) likely qualification as a project of common interest.

Amendment 53

Proposal for a regulation

Annex III – section 2 – point 3 a (new)

Text proposed by the Commission

Amendment

(3a) Proposed electricity transmission projects falling under the categories set out in points 1(a) and 1(b) of Annex II must be allowed for scrutiny and consideration by the respective Groups if proposed by relevant stakeholders, if they as a minimum fulfil the criteria listed in Article 4(1) and (2)(a), and Annex II point 1.

Amendment 54

Proposal for a regulation

Annex III – section 2 – point 6

Text proposed by the Commission

Amendment

When evaluating proposed electricity and gas projects falling under the categories set out in points 1(a) to **(d)** and 2 of Annex II, each Group shall, without prejudice to the provisions of point 4, take account of the analysis made, in accordance with the provisions in paragraph 7 of Article 12, for proposed electricity and gas projects falling under the categories set out in points 1(a) to **(d)** and 2 of Annex II in the latest available ten-year network development plan for gas and electricity, developed by the ENTSOs for Electricity and Gas pursuant Article 8 of Regulations (EC) 714/2009 and (EC) 715/2009.

When evaluating proposed electricity and gas projects falling under the categories set out in points 1(a) to **(e)** and 2 of Annex II, each Group shall, without prejudice to the provisions of point 4, take account of the analysis made, in accordance with the provisions in paragraph 7 of Article 12, for proposed electricity and gas projects falling under the categories set out in points 1(a) to **(e)** and 2 of Annex II in the latest available ten-year network development plan for gas and electricity, developed by the ENTSOs for Electricity and Gas pursuant Article 8 of Regulations (EC) 714/2009 and (EC) 715/2009.

Justification

This amendment aims at including smart grids.

Amendment 55

Proposal for a regulation

Annex 4 – point 1 – point b

Text proposed by the Commission

(b) for electricity storage, the project provides storage capacity allowing a net annual electricity generation of at least 500 Gigawatt-hours;

Amendment

(b) for electricity storage, the project provides storage capacity allowing a net annual electricity generation of at least 500 Gigawatt-hours ***or [x]% of the annual electricity generation of the Member State, whichever is lower;***

Justification

500 Gigawatt-hours is very substantial in some Member States and it may therefore be helpful to also agree on a percentage of annual electricity generation as well.

Amendment 56

Proposal for a regulation

Annex 4 – point 1 – point d

Text proposed by the Commission

(d) for gas storage or *liquefied/compressed natural gas*, the project aims at supplying directly or indirectly at least two Member States or at fulfilling the infrastructure standard (N-1 rule) at regional level in accordance with Article 6(3) of Regulation (EU) No 994/2010;

Amendment

(d) for gas storage or *LNG/CNG*, the project aims at supplying directly or ***has the ability to supply*** indirectly at least two Member States or at fulfilling the infrastructure standard (N-1 rule) at regional level in accordance with Article 6(3) of Regulation (EU) No 994/2010;

Amendment 57

Proposal for a regulation

Annex 5 – point 1 – point a

Text proposed by the Commission

(a) In electricity: scenarios for demand, generation capacities by fuel type (biomass, geothermal, hydro, gas, nuclear, oil, solid fuels, wind, solar photovoltaic, concentrated solar, other renewable technologies) and their geographical location, fuel prices (including biomass, coal, gas and oil), carbon dioxide prices, the composition of the transmission and, if relevant, the distribution network, and its

Amendment

(a) In electricity: scenarios for demand ***(both in the Member States and in neighbouring third countries)***, generation capacities by fuel type (biomass, geothermal, hydro, gas, nuclear, oil, solid fuels, wind, solar photovoltaic, concentrated solar, other renewable technologies) and their geographical location, fuel prices (including biomass, coal, gas and oil), carbon dioxide prices,

evolution, taking into account all new significant generation (including capacity equipped for capturing carbon dioxide), storage and transmission projects for which a final investment decision has been taken and that are due to be commissioned by the end of year n+5;

the composition of the transmission and, if relevant, the distribution network, and its evolution, taking into account all new significant generation (including capacity equipped for capturing carbon dioxide), storage and transmission projects for which a final investment decision has been taken and that are due to be commissioned by the end of year n+5;

Amendment 58
Proposal for a regulation
Annex 5 – point 1 – point a

Text proposed by the Commission

(a) In electricity: scenarios for demand, generation capacities by fuel type (biomass, geothermal, hydro, gas, nuclear, oil, solid fuels, wind, solar photovoltaic, concentrated solar, other renewable technologies) and their geographical location, fuel prices (including biomass, coal, gas and oil), carbon dioxide prices, the composition of the transmission and, if relevant, the distribution network, and its evolution, taking into account all new significant generation (including capacity equipped for capturing carbon dioxide), storage and transmission projects for which a final investment decision has been taken and that are due to be commissioned by the end of year n+5;

Amendment

(a) In electricity: scenarios for demand, generation capacities by fuel type (biomass, geothermal, hydro, gas, nuclear, oil, solid fuels, wind, solar photovoltaic, concentrated solar, other renewable technologies) and their geographical location, fuel prices (including biomass, coal, gas and oil), carbon dioxide prices, the composition of the transmission and, if relevant, the distribution network, and its evolution, taking into account all new significant generation (including capacity equipped for capturing carbon dioxide), storage ***potential*** and ***storage and*** transmission projects for which a final investment decision has been taken and that are due to be commissioned by the end of year n+5;

Amendment 59

Proposal for a regulation
Annex V – point 5 b (new)

Text proposed by the Commission

Amendment

(5b) When carrying out the cost-benefit analysis referred to in Article 13(4)(a), the project manager will apply a risk premium to the discount rates. This risk

premium shall be set by the project manager after consultation of the relevant stakeholders on the basis of the information laid down in point 4 of Annex VI.

Justification

The project manager will add to the harmonised discount rates a risk premium reflecting the desirability of the projects for the relevant stakeholders, especially the citizens.

PROCEDURE

Title	Trans-European energy infrastructure, and repeal of Decision No 1364/2006/EC
References	COM(2011)0658 – C7-0371/2011 – 2011/0300(COD)
Committee responsible Date announced in plenary	ITRE 15.11.2011
Opinion by Date announced in plenary	ECON 15.11.2011
Rapporteur Date appointed	Philippe Lamberts 29.11.2011
Discussed in committee	20.3.2012 30.5.2012
Date adopted	31.5.2012
Result of final vote	+: 36 –: 0 0: 2
Members present for the final vote	Burkhard Balz, Elena Băsescu, Udo Bullmann, Nikolaos Chountis, George Sabin Cutaş, Leonardo Domenici, Derk Jan Eppink, Diogo Feio, Elisa Ferreira, Ildikó Gáll-Pelcz, Jean-Paul Gauzès, Sven Giegold, Sylvie Goulard, Liem Hoang Ngoc, Othmar Karas, Wolf Klinz, Jürgen Klute, Rodi Kratsa-Tsagaropoulou, Philippe Lamberts, Werner Langen, Astrid Lulling, Arlene McCarthy, Ivari Padar, Alfredo Pallone, Olle Schmidt, Edward Scicluna, Peter Simon, Ivo Strejček, Sampo Terho, Marianne Thyssen, Ramon Tremosa i Balcells
Substitute(s) present for the final vote	Sophie Auconie, Thijs Berman, Philippe De Backer, Roberto Gualtieri, Danuta Maria Hübner, Olle Ludvigsson
Substitute(s) under Rule 187(2) present for the final vote	Margrete Auken